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RUEHGH/AMCONSUL SHANGHAI 0022
RUEHSH/AMCONSUL SHENYANG 5134
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C O N F I D E N T I A L SECTION 01 OF 02 TAIPEI 001283

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TAGS: [ECON](#) [PGOV](#) [EINV](#) [CH](#) [TW](#)

SUBJECT: HIGH-SPEED RAIL CHAIRMAN CRITICIZES CHEN'S
PERFORMANCE

Classified By: AIT Director Stephen M. Young, Reason 1.4 d

¶1. (C) Summary: During an April 10 meeting with AIT Director Stephen Young, leading businesswoman and Taiwan High-Speed Rail Corporation Chairman Nita Ing (protect) expressed strong disappointment in the performance of the Chen administration, arguing that it had been unsuccessful at adapting from an opposition party to a governing party. She commented that Chen was too isolated with a shrinking circle of advisors. She also noted that the administration had failed to communicate effectively with Taiwan's business community. A former supporter of the Chen administration, Ing's change in attitude shows the degree to which Chen has lost support among Taiwan business leaders. End summary.

¶2. (C) AIT Director Stephen Young met with Nita Ing, chairman of the Taiwan High-Speed Rail Corporation (THSRC) and CEO of Continental Engineering Corporation (CEC), on April 10 to discuss recent developments in Taiwan's political environment and the state the economy. THSRC is building a high-speed rail system that will connect major cities on Taiwan's west coast from Taipei to Kaohsiung. CEC was founded in Chongqing, China, in 1945 by Ing's grandfather. It has participated in the construction of many of Taiwan's major infrastructure projects.

DPP Failed to Adapt from Opposition to Governing Party

¶3. (C) Ing expressed strong disappointment at the performance of the Chen Shui-bian administration since coming to power in 2000. She argued that the Democratic Progressive Party (DPP), which had been successful as an opposition party, never developed the ability to govern effectively. She remarked that Chen's preference for campaigning over governing was part of the problem. Ing also pointed out internal divisions within the DPP, noting that some in the party believed accusations of corruption were directly linked to Chen. Director Young observed that the KMT had to bear some responsibility for the DPP's difficulty in governing because it had been unwilling to share its experience by permitting KMT members to serve in the DPP government.

Chen Too Isolated

14. (C) Ing contended that Chen was not sociable and had isolated himself within a small circle of advisors who tell him what he wants to hear. She said this circle had steadily shrunk during his administration. The President's wife now plays a key, though difficult to define, role. Director Young speculated that Chen applied a standard of total loyalty to his advisors, cutting them off if they expressed an alternative opinion.

DPP and Business Speaking Different Languages

15. (C) Ing argued that the Chen administration could claim no significant economic accomplishments during its tenure and that it had failed to win friends in business. According to Ing, the Chen administration "speaks a different language" from the business community. Director Young asked Ing if the new Vice Premier, Tsai Ing-wen had the skills to communicate effectively with businessmen. Ing said that she had some of the skills but it was too late because the environment for such communication had deteriorated too much. When asked about the business community's opinion on the government's new "active management" policy for economic relations with the PRC, Ing indicated that businessmen didn't believe that the administration was capable of implementing effective management mechanisms. She observed that because the government had announced so many different slogans, businessmen had stopped paying attention.

Comment - Taiwan Business Disillusioned

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16. (C) Ing's disappointment in the Chen administration is an important indication of its deteriorating relations with Taiwan's business community. She had formerly been a supporter of the Chen administration and had even considered serving in its government. Her change in attitude shows the degree to which the DPP has lost what support it had among business leaders when it came to power. Perhaps her most telling comment was that Chen "speaks a different language." While Taiwan business leaders are highly internationalized, Chen and his advisors remain absorbed in domestic political realities. This has made it impossible for the two groups to find any common ground. End comment.
YOUNG